

# You can't run your business much longer from the seat of your pants

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A little belt tightening, more capable management, sounder financial practices and less hanky-panky seem to be the order of the day for those who want to succeed in construction.

That was the message contractors from across the country received in Atlanta, Ga., last week at the Associated General Contractors' (AGC) first management conference.

"You look the way you did 50 years ago," said Robert L. Kunzig, administrator of General Services Administration (GSA). "The winds of change are blowing. You need new procedures and new attitudes."

Among the suggestions the conference produced were:

- Cut down on small expenses (travel, entertainment, Christmas gifts, company cars, club dues). Project your cash flow realistically. Improve your cash position. Avoid hot money. Establish close communications with more than one bank and seek lines of credit. Don't diversify into or invest in unrelated fields.

- Build or buy a management team that includes a professional financial officer.

- Heavy and highway contractors, whose machinery maintenance and depreciation represent 35% to 45% of unit costs, should improve their maintenance records and supervision, and employ mechanical supervisors.

- Place a premium on quality supervision and performance, seek excellence, and reward individuals at all levels on the basis of merit.

- Be receptive to new ideas, new methods, new techniques. Give systems building, phased construction and the construction manager procedure a chance.

- Beware of organized crime. Resist bribery, extortion and kickback demands.

**A sense of urgency.** Most of the suggestions were tagged as urgent.

Robert L. Joss, an Administration economist, predicted another year of economic sluggishness and profit squeeze. Atlanta and Chicago bankers King D. Cleveland and James A. Bourke warned of the need to compensate for the erosion of profits by inflationary wage increases, labor shortages and overtime, which they called one of the industry's most critical problems. And Kunzig said

develop faster and more economical ways to build.

Kunzig had brought several of his staff to Atlanta to discuss GSA's new contracting procedures which include the use of construction managers and phased construction (ENR 6/25 p. 50), procedures that are giving the AGC concern. Although Kunzig said their use is urgent, his staffers indicated the procedures are still in a state of flux.

Looking at the challenges contractors face, Paul G. Bell, chairman of AGC's



GSA's Robert Kunzig

"Winds of change."

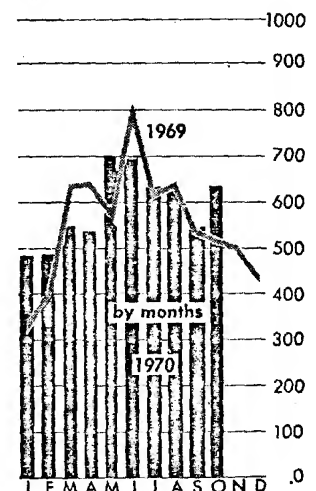
goals and objectives committee, said, "We can no longer run our businesses from the seat of our pants." Kunzig warned, "What won't change must go."

## Bidding volume in October

	5 wks. value (\$ mil.)	Chg. fr. mo. ago %	Chg. fr. yr. ago %	Cum. 10 mos. value (\$ mil.)	Chg. '69-'70 %
Total*	3,175	+9	+19	26,063	+3
Hvy. const. total.	1,419	+2	+42	12,147	+13
Water use, control.	424	+52	+72	3,523	+59
Waterworks	77	+63	+28	726	+15
Sewerage	186	+55	+38	1,325	+36
Treatment plants	66	+112	+100	412	+96
Earthwork, waterways	161	+45	+210	1,471	+145
Transportation	884	-4	+35	7,405	+2
Highways	505	-35	+11	5,429	+6
Bridges	47	-44	-46	837	-31
Airports	87	+84	-77	540	-22
Terminals, bldgs.	27	+16	-29	233	-15
Elec, gas, comm.	86	-42	-72	960	-13
Other hvy. const.	26	-25	-38	247	-47
Nonres. bldg. total.	1,494	+16	+2	11,887	-3
Manufacturing	37	-77	-79	1,195	-32
Commercial	401	+13	+9	2,850	+18
Offices	278	+49	+22	1,785	+25
Stores, shop. clrs.	82	-16	-32	711	+1
Educational	592	+27	+22	4,446	+3
College, univ.	303	+48	+17	2,031	+4
Medical	180	+11	-24	1,669	-7
Hospital	114	+20	-43	1,266	-11
Other	310	+112	+60	1,754	-13
Housing, multiunit	261	+33	+24	2,029	+8
Apartments	173	+7	+1	1,400	+14

\* Excludes 1-2 family houses. Minimum sizes included are: Industrial plants, heavy and highway construction, \$100,000; buildings, \$500,000. † Based on average week.

## Weekly average (in \$ millions)



## October contracting activity climbs sharply

A sharp rebound in contracting activity in October halted a four-month slide and pulled the 10-month's volume 3% ahead of last year.

On a seasonally adjusted basis, October was the best month since last May. Moreover, bidding volume came within a whisker of matching the October record set in 1967 (ENR's figures include low bids for public works and contract awards for private work other than homebuilding).

October's upswing featured a 52% jump in water project lettings and sharp increases in college, office and hospital buildings. All of these types,

over October, 1969. In addition, ABM missile facility construction contracts gave a \$200-million-plus thrust.

Highway awards, down seasonally, easily topped a year-ago volume crimped by Washington's jawboning for cutbacks in state highway awards to help fight inflation. Though federal highway aid is reined in slightly this year, awards to date are up 6% to a new high, but bridge lettings are sagging.

New York continues to rank first in 1970 construction bidding volume and had 13.7% of October's volume. For the year to date, it has 11% of U. S. building volume and 10.3% of heavy and

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